Consolidated Financial Statements
(In Canadian dollars)

EQ INC.

(FORMERLY CYBERPLEX INC.)

Years ended December 31, 2013 and 2012

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING DECEMBER 31, 2013 AND 2012

The accompanying consolidated financial statements of EQ Inc. (formerly Cyberplex Inc.) and its subsidiaries (the "Company") and all the information in Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. The consolidated financial statements include certain amounts that are based on the best estimates and judgments of management and in their opinion present fairly, in all material respects, the Company's consolidated financial position, consolidated financial performance and consolidated cash flows. Management has prepared the financial information presented elsewhere in Management's Discussion and Analysis and has ensured that it is consistent with the consolidated financial statements.

Management of the Company, in furtherance of the integrity of the consolidated financial statements, has developed and maintains a system of internal controls. Management believes the internal controls provide reasonable assurance that transactions are properly authorized and recorded, financial records are reliable and form a proper basis for the preparation of consolidated financial statements and that the Company's assets are properly accounted for and safeguarded. The internal control processes include management's communication to employees of policies that govern ethical business conduct.

The Board of Directors is responsible for overseeing management's responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board of Directors carries out this responsibility through its Audit Committee.

The Audit Committee meets periodically with management, as well as the internal and external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues; to satisfy itself that each party is properly discharging its responsibilities; and to review Management's Discussion and Analysis, the consolidated financial statements and the external auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. KPMG LLP has full and free access to the Audit Committee.

March 31, 2014

"Geoffrey Rotstein"
Chief Executive Officer

"Peter Kanniah"
Vice President, Finance

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of EQ Inc.

We have audited the accompanying consolidated financial statements of EQ Inc. (formerly Cyberplex Inc.), which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012, the consolidated statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of EQ Inc. (formerly Cyberplex Inc.) as at December 31, 2013 and December 31, 2012, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 31, 2014
Toronto, Canada

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KPMG Canada provides services to KPMG LLP.

EQ INC.

(FORMERLY CYBERPLEX INC.)

Consolidated Statements of Financial Position
(In thousands of Canadian dollars)

December 31, 2013 and 2012

	2013	2012
Assets		
Current assets:		
Cash and cash equivalents (note 10)	$ 2,797	$ 5,419
Accounts receivable (note 19)	2,231	2,425
Other current assets (note 11)	222	303
Income taxes recoverable	–	40
	5,250	8,187
Non-current assets:		
Investment (note 3)	50	50
Property and equipment (note 12)	281	460
Domain properties and other intangible assets (note 13)	1,610	2,889
Goodwill (note 13)	–	357
	1,941	3,756
	$ 7,191	$ 11,943
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 11)	$ 2,316	$ 2,703
Deferred lease inducements	14	41
Current portion of finance leases (note 14)	122	155
Deferred revenue	602	549
	3,054	3,448
Non-current liabilities:		
Finance leases (note 14)	64	186
Deferred lease inducements	–	14
Deferred tax liabilities (note 8)	–	244
	64	444
Shareholders' equity (note 15)	4,073	8,051
Commitments and contingencies (note 20)		
	$ 7,191	$ 11,943

See accompanying notes to consolidated financial statements.

On behalf of the Board:

"Vernon Lobo" Director "Geoffrey Rotstein" Director

EQ INC.

(FORMERLY CYBERPLEX INC.)

Consolidated Statements of Comprehensive Income (Loss)
(In thousands of Canadian dollars, except per share amounts)

Years ended December 31, 2013 and 2012

	2013	2012
Revenue (note 5)	$ 8,044	$ 13,506
Expenses:		
Publishing and advertising	4,228	7,809
Employee compensation and benefits	3,605	5,139
Other operating	2,549	2,972
Depreciation of property and equipment	273	283
Amortization of domain properties and other intangible assets	1,158	1,118
Impairment of goodwill and other intangible assets (note 13(c))	716	–
Restructuring	–	86
	12,529	17,407
Loss from operations	(4,485)	(3,901)
Finance income (note 7)	34	50
Finance costs (note 7)	(257)	(94)
Loss before income taxes	(4,708)	(3,945)
Income tax recovery (note 8):		
Current	2	21
Deferred	235	357
	237	378
Loss for the year from continuing operations	(4,471)	(3,567)
Discontinued operation:		
Income for the year from discontinued operation, net of tax (note 4)	–	5,129
Net income (loss)	(4,471)	1,562
Other comprehensive income (loss):		
Foreign currency translation adjustments to equity	436	(69)
Other comprehensive income (loss), net of tax	436	(69)
Comprehensive income (loss)	$ (4,035)	$ 1,493
Income (loss) per share (note 9):		
Basic	$ (0.28)	$ 0.10
Diluted	(0.28)	0.10
Loss per share from continuing operations (note 9):		
Basic	(0.28)	(0.22)
Diluted	(0.28)	(0.22)

See accompanying notes to consolidated financial statements.

EQ INC.

(FORMERLY CYBERPLEX INC.)

Consolidated Statements of Changes in Shareholders' Equity
(In thousands of Canadian dollars)

Years ended December 31, 2013 and 2012

	Common shares			Accumulated		
	Number of shares	Amount	Contributed surplus	other comprehensive income (loss)	Deficit	Total equity (deficiency)
Balances, January 1, 2013	126,858,304	$ 66,278	$ 2,338	$ (2,458)	$ (58,107)	$ 8,051
Net loss	–	–	–	–	(4,471)	(4,471)
Share-based payments (note 16)	–	–	57	–	–	57
Share consolidation (note 15(a))	(111,001,079)	–	–	–	–	–
Foreign currency translation adjustments to equity	–	–	–	436	–	436
Balances, December 31, 2013	15,857,225	$ 66,278	$ 2,395	$ (2,022)	$ (62,578)	$ 4,073

	Common shares			Accumulated		
	Number of shares	Amount	Contributed surplus	other comprehensive loss	Retained earnings (deficit)	Total equity (deficiency)
Balances, January 1, 2012	133,839,896	$ 65,452	$ 2,278	$ (2,389)	$ (59,669)	$ 5,672
Net income	–	–	–	–	1,562	1,562
Share-based payments (note 16)	–	–	60	–	–	60
Transfer of share purchase loans (note 15(c))	–	1,185	–	–	–	1,185
Cancellation of common shares (note 15(c))	(6,314,545)	(324)	–	–	–	(324)
Repurchase and cancellation of common shares (note 15(b))	(667,047)	(35)	–	–	–	(35)
Foreign currency translation adjustments to equity	–	–	–	(69)	–	(69)
Balances, December 31, 2012	126,858,304	$ 66,278	$ 2,338	$ (2,458)	$ (58,107)	$ 8,051

See accompanying notes to consolidated financial statements.

EQ INC.

(FORMERLY CYBERPLEX INC.)

Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)

Years ended December 31, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Net income (loss)	$ (4,471)	$ 1,562
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation of property and equipment	273	551
Amortization of domain properties and other intangible assets	1,158	3,291
Amortization of deferred lease inducements	(41)	(65)
Share-based payments (note 16)	57	60
Foreign exchange loss (gain)	260	(23)
Finance cost (income), net	(8)	718
Current income tax recovery	(2)	(21)
Deferred income tax recovery	(235)	(357)
Impairment of goodwill and other intangible assets	716	–
Gain on sale of property and equipment	1	(17)
Gain on sale of domain properties and other intangible assets	–	(59)
Gain on sale of discontinued operation (note 4)	–	(7,402)
Restructuring	–	307
Change in non-cash operating working capital (note 22)	160	(3,292)
Cash used in operating activities	(2,132)	(4,747)
Income taxes received (paid)	44	(26)
Net cash used in operating activities	(2,088)	(4,773)
Cash flows from financing activities:		
Repayment of finance lease	(155)	(89)
Repurchase of common shares under normal course issuer bid	–	(35)
Interest paid	(26)	(330)
Net cash used in financing activities	(181)	(454)
Cash flows from investing activities:		
Purchase of long-term investment	–	(50)
Interest income received	34	53
Net proceeds on sale of available for sale investments	–	200
Proceeds on sale of discontinued operations, net of cash disposed of (note 4)	–	6,293
Decrease in restricted cash and short-term investments	–	201
Net proceeds from disposal of property and equipment	2	17
Net proceeds from disposal of domain properties	–	82
Additions to property and equipment	(78)	(221)
Additions to intangible assets	(51)	(2)
Net cash from (used in) investing activities	(93)	6,573
Foreign exchange gain (loss) on cash held in foreign currency	(260)	23
Increase (decrease) in cash and cash equivalents	(2,622)	1,369
Cash and cash equivalents, beginning of year	5,419	4,050
Cash and cash equivalents, end of year	$ 2,797	$ 5,419

Supplemental cash flow information (note 22)

See accompanying notes to consolidated financial statements.

1. Corporate information:

EQ Inc. (formerly Cyberplex Inc.) (the "Company") uses real-time technology and advanced analytics to improve performance for all web, mobile, social and video advertising initiatives. The Company balances the many components that comprise the complex advertising ecosystem and establishes equilibrium for reaching the right audience at the right time through any web or mobile device. The Company is governed by the Ontario Business Corporations Act and is domiciled in Canada. The address of the Company's registered office is 1255 Bay Street, Suite 400, Toronto, ON M5R 2A9. The Company is a publicly listed company on the Toronto Stock Exchange ("TSX").

On June 13, 2013, the Company changed its name from Cyberplex Inc. to EQ Inc. and operates as "EQ Works". The listing of the Company's common shares continued on the TSX under the new symbol "EQ", with the predecessor symbol being "CX."

2. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The accounting policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of March 31, 2014, the date the Board of Directors authorized the consolidated financial statements for issue.

(b) Basis of presentation:

The consolidated financial statements have been prepared mainly under the historical cost basis. Other measurement bases used are described in the applicable notes.

The consolidated financial statements are prepared on a going concern basis.

2. Significant accounting policies (continued):

On June 13, 2013, the Company announced the consolidation of all of the outstanding common shares of the Company. The common shares were consolidated on the basis of one new common share for eight existing common shares. Following the common share consolidation, the number of outstanding common shares of the Company was approximately 15,857,225. Accordingly, income (loss) per share have been determined on a basis that is consistent with the effect of the share consolidation for all years presented.

On April 24, 2012, the Company disposed of a material portion of its business, being its on-line publishing division (note 4). The results of operations from this division were reclassified to discontinued operation in the consolidated statement of comprehensive income (loss) for the year ended December 31, 2012. Note disclosures relating to components of comprehensive income (loss) exclude balances from the discontinued operation, except where noted.

(c) Functional and presentation currencies:

These consolidated financial statements are presented in Canadian dollars. The Company's functional currency is the U.S. dollar. The Company has elected its presentation currency to be the Canadian dollar as it is listed on the TSX and its shareholders are primarily Canadian.

(d) Use of estimates and judgments:

The preparation of consolidated financial statements and application of IFRS often involve management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. The Company reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and may impact future periods as well. Other results may be derived with different judgments or using different assumptions or estimates and events may occur that could require a material adjustment.

2. Significant accounting policies (continued):

The following are critical accounting policies subject to such judgments and the key sources of estimation uncertainty that the Company believes could have the most significant impact on the reported consolidated results of operations and consolidated financial position.

Key sources of estimation uncertainty:

(i) Useful lives of intangible assets - Useful lives over which intangible assets are amortized are based on management's estimate of future use and performance. Expected useful lives are reviewed annually for any change to estimates and assumptions.

(ii) Impairment tests for non-financial assets - In their determination of the measurement of the recoverable amount of the Company's cash generating units ("CGUs"), management estimates include future cash flows and the pre-tax discount rate that reflect current market assessments of the time value of money and risks specific to the CGUs.

(iii) Revenue recognition - In their determination of the amount and timing of revenue to be recognized, management relies on assumptions and estimates supporting its revenue recognition policy. Revenue from fixed fee arrangements is recognized using the percentage-of-completion method. Estimates of the percentage-of-completion for customer projects are based upon current actual and forecasted information and contractual terms.

(iv) Trade receivables - The Company monitors the financial stability of its customers and the environment which they operate to make estimates regarding the likelihood that the individual trade receivable balances will be paid. Credit risks for outstanding customer receivables are regularly assessed and allowances are recorded for estimated losses.

2. Significant accounting policies (continued):

(v) Share-based payments - The estimated fair value of stock options is determined using the Black-Scholes option pricing model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields and expected life of the stock options issued. Fair value inputs are subject to market factors, as well as internal estimates. In addition to the fair value calculation, the Company estimates the expected forfeiture rate with respect to equity-settled share-based payments based on historical experience.

Critical judgments in applying accounting policies:

(i) Impairment tests for non-financial assets - Judgment is applied in determining whether events or changes in circumstances during the years are indicators that a review for impairment should be conducted.

(ii) Revenue and cost recognition - For revenue from sales of third-party products or services, management's judgment is applied regarding the determination of whether the Company is a principal or agent to the transaction.

(iii) Functional currency - Judgment is applied in situations where primary and secondary indicators are mixed. Primary indicators such as the currency that mainly influences sales prices are given priority before considering secondary indicators.

(e) Basis of consolidation:

(i) Business combinations:

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Transaction costs, other than those associated with the issuance of debt and equity securities that the Company incurs in connection with a business combination, are expensed as incurred.

(ii) Transactions eliminated on consolidation:

Intercompany balances and transactions, and any unrealized income and expenses arising from such transactions, are eliminated upon consolidation.

2. Significant accounting policies (continued):

(f) Foreign currency transactions:

Transactions in foreign currencies are translated to the respective functional currencies of the Company and its subsidiaries at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized in finance income or cost. Non-monetary assets and liabilities and related depreciation and amortization are translated at historical exchange rates. Revenue and expenses, other than depreciation and amortization, are translated at the average rates of exchange for the year. Exchange gains and losses resulting from the translation of functional to presentation currency are recorded to other comprehensive income (loss) ("OCI") in the year in which they occur.

(g) Financial instruments:

(i) Non-derivative financial assets:

The Company initially recognizes loans and receivables and deposits on the date they originate. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

2. Significant accounting policies (continued):

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial instruments are, for measurement purposes, grouped into categories. The classification depends on the purpose and is determined upon initial recognition. The Company has the following categories of non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss:

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company's short-term investments, if any, are classified as held-for-trading.

(b) Loans and receivables:

Loans and receivables, which include cash equivalents and accounts receivable, are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Accounts receivable comprise trade receivables, net of allowance for doubtful accounts.

2. Significant accounting policies (continued):

Cash and cash equivalents comprise cash balances and cash deposits with original maturities of three months or less and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statements of cash flows.

(c) Available-for-sale financial assets:

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories, and include private company investments. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in OCI and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in OCI is transferred to profit or loss.

(ii) Non-derivative financial liabilities:

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company's non-derivative financial liabilities consist of accounts payable and accrued liabilities and finance leases. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition and measurement, these financial liabilities are measured at amortized cost using the effective interest method.

2. Significant accounting policies (continued):

(iii) Derivative financial assets and liabilities:

The Company holds derivative financial instruments from time to time to hedge its foreign currency exposures as compared to the functional currency of the Company or its subsidiaries. Derivatives are recognized initially at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value with any gains or losses being recognized in finance income or finance cost when they occur.

(h) Property and equipment:

(i) Recognition and measurement:

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within operating income.

The costs of the day-to-day servicing of property and equipment are recognized in operating income as incurred.

(ii) Depreciation:

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized on a straight-line basis over the estimated useful lives of the property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

2. Significant accounting policies (continued):

The estimated useful lives for the current and comparative years are as follows:

Furniture and fixtures	4 years
Computer equipment	3 years
Leasehold improvements	Lesser of useful life and term of lease

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate.

(iii) Research and development:

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new substantially improved products and processes, is capitalized only if the product or process is technically and commercially feasible, if development costs can be measured reliably, if future economic benefits are probable, if the Company intends to use or sell the asset and the Company intends and has sufficient resources to complete development. To date, no material development expenditures have been capitalized.

For the year ended December 31, 2013, $90 (2012 - $80) of research and development costs have been expensed primarily as part of employee compensation and benefits in profit or loss.

(i) Intangible assets:

(i) Goodwill:

Upon initial recognition arising from a business combination, goodwill is measured at the excess of the fair value of the consideration transferred over the fair value of the identifiable net assets acquired. Subsequently, goodwill is measured at cost less accumulated impairment losses.

2. Significant accounting policies (continued):

(ii) Domain properties and other intangible assets:

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Amortization:

Amortization is calculated over the cost of the asset less its estimated residual value, which typically is expected to be nil. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Useful lives, residual values and amortization methods for intangible assets with finite lives are reviewed at least annually.

The estimated useful lives for the current and comparative years are as follows:

Customer relationships	1 - 5 years
Technology	4 years
Domain properties and content	7 years
Computer software	2 years

(j) Impairment:

(i) Financial assets, including accounts receivable:

A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset that can be estimated reliably. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively based on the nature of the asset.

2. Significant accounting policies (continued):

An impairment loss on loans and receivables is measured as the difference between the asset's carrying amount and the present value of the future cash flows expected to be derived from the asset. The carrying value is reduced through the use of an allowance for doubtful accounts, with the loss recognized in net income (loss).

An impairment loss on available-for-sale financial assets is recognized by reclassifying the losses accumulated in the fair value reserve in equity to the consolidated statements of comprehensive income (loss). The cumulative loss that is reclassified from equity to net income (loss) is the difference between the acquisition cost less any impairment loss previously recognized and the current fair value. An impairment loss in respect of an equity-accounted investment is measured by comparing the recoverable amount of the investment with its carrying amount.

(ii) Non-financial assets:

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated each year during the fourth quarter in alignment with the Company's annual planning cycle.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other CGU's. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

2. Significant accounting policies (continued):

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis, as applicable.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(k) Share-based payments:

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payment awards granted to employees is recognized as a compensation cost, with a corresponding increase in contributed surplus, over the vesting period of the award. The amount recognized is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that vest. Upon exercising the awards, such as options, the fair value of the stock options exercised that has been expensed to contributed surplus along with the cash received is reclassified to common shares and reflected in the statements of changes in shareholders' equity.

2. Significant accounting policies (continued):

(l) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(m) Restructuring:

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(n) Revenue:

The Company recognizes revenue when persuasive evidence exists, usually in the form of an executed agreement, that it is probable the economic benefits of the transaction will flow to the Company and revenue and costs can be measured reliably. If collection is not considered probable, revenue is recognized only once fees are collected. Revenue is recorded net of returns, trade discounts and volume rebates. If it is probable that discounts will be granted and amounts can be measured reliably, then the discount is recognized as a reduction of revenue as the related sales are recognized. Out-of-pocket expenses that are contractually reimbursable from customers are recorded as gross revenue and expenses.

2. Significant accounting policies (continued):

The Company offers certain of its products and services as part of multiple element arrangements. Where multiple transactions or contracts are linked, such that the individual transactions have no commercial effect on their own, the transactions are evaluated as a combined customer arrangement for purposes of revenue recognition. When two or more revenue-generating activities or deliverables are sold under an arrangement, each deliverable that is considered a separate component is accounted for separately. A deliverable is separately accounted for when a delivered item has standalone value from undelivered items based on the substance of the arrangement. Where an arrangement includes multiple components, revenue is allocated to the different components based on their relative fair values or using the residual method, as applicable. Under the residual method, revenue is allocated to undelivered components of the arrangement based on their fair values and the residual amount of the arrangement revenue is allocated to delivered components.

Revenue from sales of third-party supplier products or services is recorded on a gross basis when the Company is a principal to the transaction and net of costs when the Company is acting as an agent between the customer and supplier. Several factors are considered to determine whether the Company is an agent or principal, most notably, whether the Company is the primary obligor to the customer, has credit risk and adds meaningful value to the supplier's product or service. Consideration is also given to whether the Company was involved in the selection of the supplier's product or service, has latitude in establishing the sales price and has inventory risk.

The Company recognizes revenue from advertisers or their agencies based upon the execution or completion of agreed upon events, as defined in advance by both parties.

Events are defined by the parties based on a variety of performance-oriented models, including for targeted advertisements as they are displayed, consumers clicking on those display advertisements, or in some cases for each "action" by a consumer (which may include qualified leads, registrations, downloads, inquiries or actual sales). These payment models are commonly referred to as cost per impression, cost per click and cost per action. For certain campaigns, the Company is also paid based on a percentage of the cost of advertising placements, or "Cost Plus".

The Company recognizes revenue on a gross basis, based on the number of defined events performed during the year.

2. Significant accounting policies (continued):

In circumstances where the criteria for revenue recognition are not met, direct and incremental campaign costs are deferred, up to the amount of contractual revenue, to the extent deemed recoverable.

Professional services revenue is based on either time and material arrangements or fixed fee arrangements. Revenue related to time and materials arrangements is recognized as services are performed. Revenue from fixed fee arrangements is recognized using the percentage-of-completion method, based on the ratio of total labour hours incurred to date to total estimated labour hours. Changes in job performance, job conditions, estimated profitability and final settlement may result in revisions to costs and income and are recognized in the year in which the revisions are determined. Costs include direct material and labour costs which are expensed as incurred. Provisions for estimated losses on incomplete arrangements are made in the year in which such losses are determined.

Revenue from hosting services is recognized on a straight-line basis over the term of the hosting arrangement.

Amounts billed in excess of revenue recognized to date on a contract-by-contract basis are classified as deferred revenue, whereas revenue recognized in excess of amounts billed is classified as accrued income within other current assets.

(o) Lease payments:

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for in the period in which they are incurred.

2. Significant accounting policies (continued):

(p) Finance income and finance cost:

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance cost comprises interest expense on loans and borrowings, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets.

Foreign currency gains and losses are reported on a net basis within finance cost (income).

(q) Income taxes:

Income tax expense for the year comprises current and deferred income taxes. Current taxes and deferred taxes are recognized in the consolidated statements of comprehensive income (loss), except to the extent that they relate to items recognized in OCI or directly in equity. In these cases, the taxes are also recognized in OCI or directly in equity, respectively.

The Company uses the asset and liability method of accounting for deferred income taxes. Under this method, the Company recognizes deferred income tax assets and liabilities for future income tax consequences attributable to temporary differences between the consolidated financial statement carrying amounts of assets and liabilities and their respective income tax bases, and on unused tax losses and tax credit carryforwards. The Company measures deferred income taxes using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The Company recognizes deferred income tax assets only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, as well as unused tax losses and tax credit carryforwards can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Company recognizes the effect of a change in income tax rates in the year of enactment or substantive enactment.

2. Significant accounting policies (continued):

Deferred income taxes are not recognized if they arise from the initial recognition of goodwill, nor are they recognized on temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred income taxes are also not recognized on temporary differences relating to investments in subsidiaries to the extent that it is probable that the temporary differences will not reverse in the foreseeable future.

The Company records current income tax expense or recovery based on taxable income earned or loss incurred for the year in each tax jurisdiction where it operates, and for any adjustment to taxes payable in respect of previous years, using tax laws that are enacted or substantively enacted at the consolidated statements of financial position dates.

In the ordinary course of business, there are many transactions for which the ultimate tax outcome is uncertain. The final tax outcome of these matters may be different from the estimates originally made by management in determining the Company's income tax provisions. Management periodically evaluates the positions taken in the Company's tax returns with respect to situations in which applicable tax rules are subject to interpretation. The Company establishes provisions related to tax uncertainties where appropriate, based on its best estimate of the amount that will ultimately be paid to or received from tax authorities.

(r) Income (loss) per share:

Basic income (loss) per share is calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Diluted net income (loss) per share is determined by adjusting the income or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. The Company uses the treasury stock method for calculating diluted net income (loss) per share. The diluted net income (loss) per share calculation considers the impact of stock options.

2. Significant accounting policies (continued):

(s) Recently adopted accounting pronouncements:

(i) IFRS 10, Consolidated Financial Statements ("IFRS 10"):

In May 2011, the IASB issued IFRS 10, which replaces the consolidation requirements of Standing Interpretations Committee 12, Consolidation - Special Purpose Entities, and International Accounting Standards ("IAS") 27, Consolidated and Separate Financial Statements, and establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company assessed the accounting pronouncement and concluded there is no impact.

(ii) IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"):

In May 2011, the IASB issued IFRS 12, which establishes new and comprehensive disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company assessed the accounting pronouncement and concluded there is no impact.

(iii) IFRS 13, Fair Value Measurement ("IFRS 13"):

In May 2011, the IASB issued IFRS 13, which replaces the fair value guidance contained in individual IFRS with a single source of fair value measurement guidance. The standard also requires disclosures that enable users to assess the methods and inputs used to determine fair value measurement. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company assessed the accounting pronouncement and concluded there is no impact other than for the expanded disclosures required and included in the Company's condensed consolidated interim financial statements.

2. Significant accounting policies (continued):

(iv) IAS 1, Presentation of Financial Statements ("IAS 1"):

In June 2011, the IASB amended IAS 1. This amendment retains the one- or two-statement approach to presenting the statements of income (loss) and comprehensive income (loss) at the option of the entity and only revises the way other comprehensive income (loss) is presented. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company assessed the accounting pronouncement and concluded there is no impact.

(v) IAS 27, Separate Financial Statements ("IAS 27"):

In May 2011, the IASB amended IAS 27. This amendment removes the requirements for consolidated statements from IAS 27, and moves it over to IFRS 10. The amendment mandates that when a company prepares separate financial statements, investments in subsidiaries, associates and jointly controlled entities are to be accounted for using either the cost method or in accordance with IFRS 9. In addition, this amendment determines the treatment for recognizing dividends, the treatment of certain group reorganizations, and some disclosure requirements. This amendment is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company assessed the accounting pronouncement and concluded there is no impact.

2. Significant accounting policies (continued):

(t) Recent issued accounting pronouncements:

At the date of authorization of these consolidated financial statements, the IASB has issued the following new and revised standards and amendments which are not yet effective for the relevant periods:

(i) IFRS 9, Financial Instruments ("IFRS 9"):

In October 2010, the IASB issued IFRS 9, which replaces IAS 39, Financial Instruments - Recognition and Measurement, and establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2015. The Company is assessing the impact of this new standard on its consolidated financial statements.

(ii) IAS 32, Financial Instruments: Disclosures ("IAS 32"):

In December 2011, the IASB issued new disclosure requirements in IAS 32 to clarify the requirements for offsetting financial assets and liabilities. The new disclosure requirements are effective for the Company's interim and annual consolidated financial statements commencing January 1, 2014 and is to be applied retrospectively. The Company is assessing the impact of this new standard on its consolidated financial statements.

(iii) IAS 36, Recoverable Amount Disclosures for Non-Financial Assets ("IAS 36"):

In May 2013, the IASB issued Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36). The new disclosure requirements are effective for the Company's interim and annual consolidated financial statements commencing January 1, 2014 and is to be applied retrospectively. The Company is assessing the impact of this new standard on its consolidated financial statements.

2. Significant accounting policies (continued):

(iv) International Financial Reporting Interpretations Committee 21, Levies ("IFRIC 21"):

In May 2013, the IASB issued IFRIC 21 which provides guidance on accounting for levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2014 and is to be applied retrospectively. The Company is assessing the impact of this new standard on its consolidated financial statements.

3. Investment:

In July 2012, the Company acquired an available-for-sale equity investment in a private company for $50. The fair value of the equity investment has not changed in 2013.

4. Discontinued operation:

On April 24, 2012, the Company reached an agreement to sell 100% of the shares of its subsidiary, Orion Foundry (Canada) Inc. ("Tsavo") in a transaction valued at approximately $33,000. The Company received cash proceeds of $7,220, with additional defined payments totalling $100 to be received within the first year following closing, and subsequently paid in full. The purchaser of Tsavo assumed the term loans owing to American Capital Ltd. ("American Capital") (successor by merger to America Capital Financial Services Inc.) of $24,338, as well as $530 of additional term loans owing by the Company. The Company also received certain domain properties and content intangible assets valued at $150. As part of the transaction, 6,314,545 (789,318 common shares on a post-consolidated basis) common shares of the Company, which were held by current and former management of Tsavo, were returned to the Company for no consideration, except for the transfer of related share purchase loans of $1,185 to the purchaser.

4. Discontinued operation (continued):

Management committed to a plan to sell Tsavo on April 18, 2012. On April 18, 2012, the Company agreed upon the sale price and received required lender approval for the sale of the segment. The comparative statement of comprehensive income (loss) has been reclassified to show results from discontinued operation separately from the continuing operations. Results of the discontinued operation from January 1, 2012 through to the date of sale are as follows:

	2012
Revenue	$ 16,355
Expenses:	
Publishing and advertising	11,970
Employee compensation and benefits	2,007
Other operating	1,461
Depreciation of property and equipment	267
Amortization of intangible assets	2,173
Restructuring	221
	18,099
Loss from operations	(1,744)
Finance income	22
Finance cost	(690)
Loss before income taxes	(2,412)
Current income tax recovery	(139)
Loss for the year, net of income tax	(2,273)
Gain on sale of discontinued operation	7,402
Net income	$ 5,129
Income per share:	
Basic	$ 0.32
Diluted	0.32

4. Discontinued operation (continued):

Cash flows from (used in) discontinued operation:

	2012
Net cash used in operating activities	$ (2,809)
Net cash from investing activities	42
Net cash used in financing activities	(234)
Net cash used in discontinued operation	$ (3,001)

Consideration received:

Consideration received from purchaser:	
Cash consideration received	$ 7,220
Deferred sales proceeds	100
Promissory note assumed by purchaser (note 14(b))	530
Intangible assets transferred to the Company	150
	8,000
Fair value of common shares returned and cancelled (note 15(c))	324
Total consideration received on sale of Tsavo	$ 8,324

Effect of disposal on the financial position of the group as of the date of sale:

Cash and cash equivalents	$ 927
Accounts receivable	8,406
Prepaid expenses	504
Other current assets	5,801
Restricted cash	2,156
Property and equipment	1,435
Intangible assets	15,534
Accounts payable and accrued liabilities	(10,339)
Income taxes payable	(171)
Current portion of deferred rent	(8)
Current portion of term loans	(6,757)
Long-term portion of term loans	(17,581)
Long-term portion of deferred rent	(57)
Net liabilities	$ (150)

4. Discontinued operation (continued):

Gain on disposal of Tsavo:

Consideration received	$ 8,324
Net liabilities of Tsavo disposed of	150
Promissory notes transferred to purchaser	200
Share purchase loans transferred	(1,185)
Transaction costs	(87)
Gain on disposal	$ 7,402

Net cash inflow on disposal of Tsavo:

Consideration received, satisfied in cash	$ 7,220
Cash disposed of	(927)
Net cash inflow	$ 6,293

5. Revenue:

The Company sub-classifies revenue into the following components: advertising and professional services revenue.

Advertising revenue is derived from the on-line network connecting advertisers and publishers to execute advertising. Professional services revenue is derived from consulting services and developing advertising strategies for the Company's customers.

	2013	2012
Advertising	$ 5,945	$ 10,322
Professional services	2,099	3,184
	$ 8,044	$ 13,506

6. Segment information:

The Company has one operating segment.

The Company's chief operating decision maker is its Chief Executive Officer ("CEO"). The disposition of Tsavo in 2012 resulted in changes to the organizational structure. In 2013, the Company combined two of its former operating segments (EQ Advertising and CX Interactive). In 2013, the operations have been closely integrated and aligned to targeted advertising, which incorporates advertising technologies, data analytics and programmatic buying capabilities into a single system. As a result, the Company now has one operating segment, being the Company as a whole. The CEO evaluates performance, makes operating decisions and allocates resources based on financial data consistent with the presentation in these consolidated financial statements.

The Company's assets and operations are substantially all located in Canada; however, the Company services many customers in the United States and internationally.

The Company generates revenue across three geographical regions; customer revenue by region is as follows:

	2013	2012
Canada	$ 3,776	$ 5,447
Outside North America	116	395
United States	4,152	7,664
	$ 8,044	$ 13,506

In 2013, there were two customers that comprised 21% and 17% of the Company's total revenue from continuing operations. No other customers exceeded 10% of revenue from continuing operations. In 2012, there were two customers that comprised 13% and 11% of the Company's total revenue from continuing operations.

7. Finance income and finance cost:

	2013	2012
Finance income:		
Interest income on cash and cash equivalents	$ 34	$ 50
Total finance income	$ 34	$ 50
Finance cost:		
Other interest expense	$ (26)	$ (55)
Foreign exchange loss	(231)	(39)
Total finance cost	$ (257)	$ (94)

8. Income taxes:

(a) Income tax recovery:

The Company recorded a deferred income tax recovery of $235 (2012 - $21) and a current income tax recovery of $2 (2012 - $357) in the year ended December 31, 2013. The deferred income tax recovery is primarily due to the amortization of the intangible assets recognized on acquisitions and the related deferred tax liability that was recorded at that time. The deferred tax liability is drawn down as that portion of the asset value is amortized. No other deferred income tax recovery on losses is recorded in comprehensive loss and will not be until, in the opinion of management, it is probable that the deferred tax assets will be realized.

8. Income taxes (continued):

The major components of income tax recovery:

	2013	2012
Current income tax:		
Current income tax recovery	$ (2)	$ (21)
Deferred tax:		
Relating to the origination and reversal of temporary differences	920	(1,651)
Relating to the changes in unrecognized tax losses and deductible temporary differences	(1,155)	1,294
Income tax recovery reported in the consolidated statements of comprehensive (loss)	$ (237)	$ (378)

A reconciliation between tax expense and the product of accounting profit multiplied by the Company's domestic tax rate for the years ended December 31, 2013 and 2012 is as follows:

	2013	2012
Loss before income taxes	$ (4,708)	$ (3,945)
Income tax at the Company's statutory rate of tax 26.5% (2012 - 26.5%)	$ (1,248)	$ (1,046)
Increase (decrease) in income taxes resulting from:		
Permanent differences	1,508	207
Changes in unrecognized tax losses and deductible temporary differences	(1,155)	1,295
Difference due to tax rates in other jurisdictions	45	(15)
Differences in effected tax rates	–	(438)
Effects of functional currency differences and other	613	(381)
Income tax recovery	$ (237)	$ (378)

8. Income taxes (continued):

(b) Deferred taxes:

Recognized deferred income tax assets and deferred income tax liability:

Deferred income tax assets and liabilities are attributable to the following:

	Intangible assets	Financing costs	Non-capital losses	Property and equipment	Other	Set-off of tax	Total
Deferred income tax asset:							
January 1, 2012	$ 309	$ 175	$ 113	$ 226	$ –	$ (823)	$ –
Recognized in profit or loss	(261)	(117)	225	51	–	–	(102)
Other	–	–	–	–	–	102	102
December 31, 2012	48	58	338	277	–	(721)	–
Recognized in profit or loss	(48)	(58)	(55)	(277)	–	–	(438)
Other	–	–	–	–	9	429	438
December 31, 2013	$ –	$ –	$ 283	$ –	$ 9	$ (292)	$ –

	Intangible assets	Property and equipment	Unrealized foreign exchange	Other	Set-off of tax	Total
Deferred income tax liability:						
January 1, 2012	$ (709)	$ (10)	$ (456)	$ (251)	$ 823	$ (603)
Recognized in profit or loss	144	(11)	78	247	–	458
Other	–	–	–	3	(102)	(99)
December 31, 2012	(565)	(21)	(378)	(1)	721	(244)
Recognized in profit or loss	308	(14)	378	1	–	673
Other	–	–	–	–	(429)	(429)
December 31, 2013	$ (257)	$ (35)	$ –	$ –	$ 292	$ –

8. Income taxes (continued):

(c) Unrecognized deferred tax asset:

Deferred tax assets have not been recognized in respect of the following items:

	2013	2012
Deductible temporary differences	$ 7,198	$ 6,899
Tax losses	79,225	80,262
	$ 86,423	$ 87,161

Deferred tax assets have not been recognized in respect of the above items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

Inherent in the unrecognized deferred tax assets are non-capital losses of $19,862 and capital losses of $59,364.

The losses carried forward will expire as follows:

Canada:

	Amount
2030	$ 9,506
2031	2,987
2032	3,007
2033	3,488
	$ 18,988

United States:

	Amount
2021	$ 42
2022	317
2023	16
2029	159
2030	340
	$ 874

The capital losses carried forward do not expire.

9. Loss per share:

On June 13, 2013, the Company announced the consolidation of all of the outstanding common shares of the Company. The common shares were consolidated on the basis of one new common share for eight existing common shares. Following the common share consolidation, the number of outstanding common shares of the Company was approximately 15,857,225. Accordingly, income (loss) per share has been determined on a basis that is consistent with the effect of the share consolidation for all years presented.

The computations for basic and diluted loss per share for the years ended December 31, 2013 and 2012 are as follows:

	2013	2012
Net income (loss)	$ (4,471)	$ 1,562
Loss for the year from continuing operations	(4,471)	(3,567)
Weighted average number of shares outstanding:		
Basic	15,857,225	16,162,940
Diluted	15,857,225	16,162,940
Income (loss) per share:		
Basic	$ (0.28)	$ 0.10
Diluted	(0.28)	0.10
Loss per share from continuing operations:		
Basic	(0.28)	(0.22)
Diluted	(0.28)	(0.22)

Stock options to purchase 1,106,871 common shares were outstanding during 2013 but were not included in the computation of diluted income (loss) per share because the options' exercise price was greater than the average market price of the common shares. The total number of options that were excluded from the calculation of diluted loss per share, because their inclusion would have been anti-dilutive for the year ended December 31, 2013, was 1,106,871.

10. Cash and cash equivalents:

The major component of cash and cash equivalents is as follows:

	2013	2012
Cash on deposit	$ 494	$ 2,391
Cashable Guaranteed Investment Certificate (1.4% yield)	2,303	3,028
	$ 2,797	$ 5,419

All cash and cash equivalents are with major financial institutions.

11. Other current assets and accounts payable and accrued liabilities:

(a) Other current assets:

The major components of other current assets are as follows:

	2013	2012
Prepaid expenses	$ 160	$ 188
Other assets:		
Tax credits receivable	–	64
Accrued income	62	51
	62	115
	$ 222	$ 303

(b) Accounts payable and accrued liabilities:

The major components of accounts payable and accrued liabilities are as follows:

	2013	2012
Trade accounts payable	$ 1,052	$ 1,759
Accrued liabilities	1,264	944
	$ 2,316	$ 2,703

12. Property and equipment:

	Furniture and fixtures	Computer equipment	Leasehold improvements	Total
Cost				
Balance, January 1, 2012	$ 1,178	$ 4,788	$ 1,889	$ 7,855
Additions	51	415	24	490
Disposal of Tsavo	(538)	(2,490)	(1,602)	(4,630)
Effect of movements in exchange rates	(146)	(118)	(49)	(313)
Balance, December 31, 2012	$ 545	$ 2,595	$ 262	$ 3,402
Cost				
Balance, January 1, 2013	$ 545	$ 2,595	$ 262	$ 3,402
Additions	7	65	–	72
Disposal	(4)	–	–	(4)
Effect of movements in exchange rates	114	341	41	496
Balance, December 31, 2013	$ 662	$ 3,001	$ 303	$ 3,966
Depreciation				
Balance, January 1, 2012	$ 938	$ 3,802	$ 1,117	$ 5,857
Depreciation	28	466	57	551
Disposal of Tsavo	(370)	(1,944)	(881)	(3,195)
Effect of movements in exchange rates	(57)	(181)	(33)	(271)
Balance, December 31, 2012	$ 539	$ 2,143	$ 260	$ 2,942
Depreciation				
Balance, January 1, 2013	$ 539	$ 2,143	$ 260	$ 2,942
Depreciation	2	269	2	273
Disposal	(1)	–	–	(1)
Effect of movements in exchange rates	115	315	41	471
Balance, December 31, 2013	$ 655	$ 2,727	$ 303	$ 3,685
Carrying amounts				
December 31, 2012	$ 6	$ 452	$ 2	$ 460
December 31, 2013	7	274	–	281

Included in property and equipment is equipment acquired under finance leases with an original cost of $469 and a carrying value of $175.

13. Domain properties and other intangible assets and goodwill:

(a) Intangible assets by category are as follows:

	Customer relationships	Technology	Domain properties and content	Computer software	Total
Cost					
Balance, January 1, 2012	$ 38,190	$ 15,460	$ 15,497	$ 1,682	$ 70,829
Additions	–	–	150	2	152
Disposal of Tsavo	(19,714)	(5,513)	(7,725)	(602)	(33,554)
Disposals	–	–	(28)	–	(28)
Effect of movements in exchange rates	(482)	(235)	(175)	(25)	(917)
Balance, December 31, 2012	$ 17,994	$ 9,712	$ 7,719	$ 1,057	$ 36,482
Cost					
Balance, January 1, 2013	$ 17,994	$ 9,712	$ 7,719	$ 1,057	$ 36,482
Additions	–	51	–	–	51
Effect of movements in exchange rates	38	235	81	62	416
Balance, December 31, 2013	$ 18,032	$ 9,998	$ 7,800	$ 1,119	$ 36,949
Amortization and impairment loss					
Balance, January 1, 2012	$ 28,274	$ 10,003	$ 8,835	$ 1,648	$ 48,760
Amortization	1,582	1,206	488	15	3,291
Disposal of Tsavo	(11,930)	(3,067)	(2,445)	(578)	(18,020)
Disposals	–	–	(5)	–	(5)
Effect of movements in exchange rates	(257)	(90)	(53)	(33)	(433)
Balance, December 31, 2012	$ 17,669	$ 8,052	$ 6,820	$ 1,052	$ 33,593
Amortization and impairment loss					
Balance, January 1, 2013	$ 17,669	$ 8,052	$ 6,820	$ 1,052	$ 33,593
Amortization	112	869	173	4	1,158
Impairment	232	–	103	–	335
Effect of movements in exchange rates	19	147	25	62	253
Balance, December 31, 2013	$ 18,032	$ 9,068	$ 7,121	$ 1,118	$ 35,339
Carrying amounts					
December 31, 2012	$ 325	$ 1,660	$ 899	$ 5	$ 2,889
December 31, 2013	–	930	679	1	1,610

13. Domain properties and other intangible assets and goodwill (continued):

(b) Goodwill:

Balance, January 1, 2012	$	365
Impairment		–
Effect of movements in exchange rates		(8)
Balance, December 31, 2012	$	357
Balance, January 1, 2013	$	357
Impairment		(381)
Effect of movements in exchange rates		24
Balance, December 31, 2013	$	–

(c) Impairment:

The Company has identified four CGUs, which are consistent with the Company's product lines, which represent the lowest level within the Company that generates cash inflows for continuing use independent of other CGUs. The Company tested its one remaining CGU with allocated goodwill for impairment as at December 31 of each year. In assessing whether or not there is impairment, the Company used a discounted cash flows approach to assess the value in use for each CGU. The Company estimated the discounted future cash flows for five years and a terminal value. The future cash flows are based on the Company's estimates and include consideration for expected future operating results, economic conditions and a general outlook for the industry in which the CGU operates. The discount rates used by the Company consider debt to equity ratios and certain risk premiums. The terminal value is the value attributed to the CGUs' operations beyond the projected time period of the cash flows, using a perpetuity rate based on expected economic conditions and a general outlook for the industry. The Company has made certain assumptions for the discount and terminal growth rates to reflect variations in expected future cash flows. Based on this assessment, the Company's analysis reflected on estimated recoverable amount that could no longer support the carrying value of the CGU, inclusive of goodwill.

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14. Bank credit facilities, loans and borrowings:

(a) Bank credit facilities:

The Company has a revolving demand facility and credit card facility with a Canadian chartered bank, to be used for general operating requirements. As at December 31, 2013, no amounts were outstanding under the revolving demand facility and there was $77 outstanding under the business credit card facility (2012 - $73) included in accounts payable. The aggregate of available borrowings under all facilities described below cannot exceed $1,000 at any time.

The revolving demand facility is up to $850 by way of Canadian and U.S. dollar currency loans. The facility bears interest at the bank's prime rate plus 2.35%. Borrowings outstanding under this facility plus a $150 business credit card allocation must not exceed 75% of accounts receivable with an aging less than 90 days, as defined in the credit agreement. Amounts outstanding are repayable upon demand.

The Company renegotiated the revolving demand facility with the lender during the year ended December 31, 2013 and under the amended credit agreement, the Company is required to maintain a minimum cash balance of $1,200. As at December 31, 2013, the Company was in compliance with the renegotiated covenants. The Company did not draw against the line of credit as at December 31, 2013.

(b) Loans and borrowings (other than finance leases):

The Company's former subsidiary, Tsavo, signed an amended and restated credit agreement with American Capital in 2011.

On April 24, 2012, the purchaser of Tsavo assumed the term loans, eliminating any liability for the Company.

14. Bank credit facilities, loans and borrowings (continued):

On September 30, 2011, the Company entered into a promissory note with a Canadian lender in the amount of $800, due September 30, 2013. The note bears interest at an annual rate of 12% with principal and interest payments due quarterly. The note is secured by a guarantee from the Company and a general security agreement over specified intangible assets of the Company. As part of the Tsavo sale transaction, the Company repaid $100 of the principal outstanding and the purchaser assumed liability for the remaining principal and interest of $730.

The following table outlines the activity for term loans and borrowings for the year ended December 31, 2013:

Balance, December 31, 2011	$	25,366
Term loan extinguished on sale of Tsavo (U.S. $24,493)		(24,338)
Realized foreign exchange gains on term loan extinguishment		(563)
Accrued interest on term loan (U.S. $632)		630
Interest payment on term loan (U.S. $272)		(272)
Settlement of promissory note		(100)
Promissory note assumed by purchaser of Tsavo		(730)
Accrued interest on promissory note		32
Repayment of interest on promissory note		(25)
Balance, December 31, 2012 and 2013	$	–

(c) The following table outlines the activity for finance leases for the year ended December 31, 2013:

Balance, December 31, 2011	$	167
Additions of finance lease		263
Repayment of finance lease		(89)
Balance, December 31, 2012		341
Additions of finance lease		–
Repayment of finance lease		(155)
		186
Less current portion		122
Balance, December 31, 2013	$	64

15. Shareholders' equity:

(a) Common shares:

The authorized share capital of the Company comprises an unlimited number of common shares without par value. The holders of common shares are entitled to receive dividends when declared and are entitled to one vote per share at annual meetings of the Company.

On June 13, 2013, the Company announced the consolidation of all of the outstanding common shares of the Company. The common shares were consolidated·on the basis of one new common share for eight existing common shares. Following the common share consolidation, the number of outstanding common shares of the Company was approximately 15,857,225. Accordingly, income (loss) per share has been determined on a basis that is consistent with the effect of the share consolidation for all years presented.

(b) Normal Course Issuer Bid ("NCIB"):

On April 24, 2012, the Company announced a NCIB under which it could purchase up to 11,913,232 (1,489,154 common shares on a post-consolidated basis) of its common shares, representing approximately 10% of the "public float" of common shares as of that date, commencing on May 14, 2012 for a period of one year. During the year ended December 31, 2012, the Company repurchased and cancelled 667,047 (83,380 common shares on a post-consolidated basis) of its common shares under the NCIB. A charge of $35 was recorded in common stock for the consideration paid for the common shares. The NCIB expired on May 13, 2013. The Company did not buy back any common shares during the year ended December 31, 2013.

On November 14, 2012, the Company instituted an Automatic Share Purchase Plan in connection with the NCIB, whereby M Partners Inc., as broker, is authorized and directed to effect stock purchases during the term of the NCIB subject to the price limits, maximum number of shares and other terms set forth in the Automatic Share Purchase Plan, all as approved by the TSX. The automatic share repurchase plan expired as of May 13, 2013.

15. Shareholders' equity (continued):

(c) Cancellation of common shares:

On April 24, 2012, the Company obtained 6,314,545 (789,318 common shares on a post-share consolidation basis) common shares of the Company held by former management of Tsavo as part of the consideration for the sale of Tsavo. The fair value of these common shares was $324 on the day of the sale transaction and the shares were cancelled on the same date. The Company forgave $1,185 of related share purchase loans owed by former management of Tsavo as part of this sale transaction.

16. Share-based payments:

The Company's stock option plan (the "Plan") provides for the granting of options to employees, officers, directors and consultants of the Company. The maximum number of common shares which may be set aside for issuance under the Plan is a rolling fixed maximum percentage of 10% of the common shares issued and outstanding from time to time and automatically reloaded after the exercise of an option, provided the number of common shares issuable does not then exceed the maximum percentage. Options issued under the Plan may be exercised during a period not exceeding five years from the grant date and typically vest annually over a three- or four-year period.

The common shares issuable, upon exercise of any option that is cancelled or terminated prior to its exercise, will become available again for grant under the Plan. In accordance with the Plan, the exercise price of options is determined based on the fair market value per share on the day preceding the grant date.

Options granted under the Plan may be exercised during a period not exceeding five years from the date of grant, subject to earlier termination if the optionee ceases to be an employee, officer or director of the Company. Options issued under the Plan are non-transferable.

16. Share-based payments (continued):

The following table summarizes the continuity of options issued under the Plan on a post-consolidated basis (note 15(a)):

	2013		2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	1,109,104	$ 2.08	816,513	$ 4.88
Granted	95,000	0.55	831,250	0.80
Forfeited or cancelled	(97,228)	4.73	(538,659)	4.32
Adjustment on consolidation	(5)	–	–	–
Outstanding, end of year	1,106,871	1.75	1,109,104	2.08
Options exercisable, end of year	347,286	3.89	261,187	$ 5.44

During 2012, the Company granted 4,850,000 (606,250 stock options on a post-consolidated basis) stock options to executives. The terms of these options provide for accelerating vesting if the Company's shares achieve a stated price on the TSX. This price was not obtained as at December 31, 2013.

A summary of the status of the Company's options under the Plan is as follows:

	2013			2012		
Range of exercise prices	Number of options	Weighted average remaining contractual life (years)	Number of options exercisable	Number of options	Weighted average remaining contractual life (years)	Number of options exercisable
$0.55	95,000	4.85	–	–	–	–
$0.80	787,500	3.50	122,915	793,750	4.50	–
$2.72	–	–	–	18,750	1.00	18,750
$4.08 - $4.72	68,748	1.54	68,748	97,917	1.97	75,000
$6.08 - 6.40	155,623	0.23	155,623	198,687	1.02	167,437
	1,106,871		347,286	1,109,104		261,187

During the year ended December 31, 2013, the Company recorded compensation expense related to stock options granted to employees of $57 (2012 - $60).

16. Share-based payments (continued):

During the year ended December 31, 2013, 95,000 stock options were granted and no stock options were exercised. During the year ended December 31, 2012, 6,650,000 (831,250 stock options on a post-consolidated basis) stock options were granted and no stock options were exercised.

The weighted average grant date fair value of options granted during 2013 was $0.30 (2012 - $0.03 or $0.24 on a post-consolidated basis). The fair value of each option granted has been estimated on the date of grant using the Black-Scholes fair value option pricing model with the following weighted average assumptions used for grants for the year ended December 31, 2013: dividend yield of nil (2012 - nil), expected volatility of 108% (2012 - 99.85%), weighted average risk-free interest rate of 1% (2012 - 1%), and expected lives of 2.5 (2012 - 2.5) years.

17. Fair values of financial instruments:

(a) Classification of financial instruments:

The following table provides the allocation of financial instruments and their associated financial instrument classifications as at December 31, 2013:

	Loans and receivables/ other financial liabilities	Available-for-sale securities	Total
Measurement basis	Amortized cost	Fair value	
Financial assets:			
Cash and cash equivalents	$ 2,797	$ –	$ 2,797
Accounts receivable	2,231	–	2,231
Other current assets	222	–	222
Investment	–	50	50
	$ 5,250	$ 50	$ 5,300
Financial liabilities:			
Accounts payable and accrued liabilities	$ 2,316	$ –	$ 2,316
Finance leases	186	–	186
	$ 2,502	$ –	$ 2,502

17. Fair values of financial instruments (continued):

The following table provides the allocation of financial instruments and their associated financial instrument classifications as at December 31, 2012:

	Loans and receivables/ other financial liabilities	Available-for-sale securities	Total
Measurement basis	Amortized cost	Fair value	
Financial assets:			
Cash and cash equivalents	$ 5,419	$ –	$ 5,419
Accounts receivable	2,425	–	2,425
Other current assets	303	–	303
Investments	–	50	50
	$ 8,147	$ 50	$ 8,197
Financial liabilities:			
Accounts payable and accrued liabilities	$ 2,703	$ –	$ 2,703
Finance leases	341	–	341
	$ 3,044	$ –	$ 3,044

17. Fair values of financial instruments (continued):

(b) Carrying value and fair value of financial instruments:

The following table provides the carrying value and fair value of financial instruments as at December 31, 2013 and 2012:

	2013		2012	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalents	$ 2,797	$ 2,797	$ 5,419	$ 5,419
Accounts receivable	2,231	2,231	2,425	2,425
Income taxes recoverable	–	–	40	40
Other current assets	222	222	303	303
Available-for-sale investment	50	50	50	50
	$ 5,300	$ 5,300	$ 8,237	$ 8,237
Financial liabilities:				
Accounts payable and accrued liabilities	$ 2,316	$ 2,316	$ 2,703	$ 2,703
Finance leases	186	186	341	341
	$ 2,502	$ 2,502	$ 3,044	$ 3,044

(c) Fair value measurements:

The Company provides disclosure of the three-level hierarchy that reflects the significance of the inputs used in making the fair value measurement. The three levels of fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 - inputs are quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs are based on observable market data, either directly or indirectly other than quoted prices; and
- Level 3 - inputs are not based on observable market data.

17. Fair values of financial instruments (continued):

In the tables below, the Company has segregated all financial assets and financial liabilities that are measured at fair value into the most appropriate level within the fair value hierarchy, based on the inputs used to determine the fair value at the measurement date. The Company has no financial liabilities measured at fair value.

Financial assets measured at fair value as at December 31, 2013 and 2012 in the consolidated financial statements are summarized below:

2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	$ 2,797	$ –	$ –	$ 2,797
Available-for-sale equity securities(i)	–	–	50	50
	$ 2,797	$ –	$ 50	$ 2,847

2012	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	$ 5,419	$ –	$ –	$ 5,419
Available-for-sale equity securities(i)	–	–	50	50
	$ 5,419	$ –	$ 50	$ 5,469

(i)The Company initially measured the available-for-sale equity investment purchased in 2012 based on the cash exchanged between the parties. The investment is being accounted for at its estimated fair value. No significant change in fair value was determined through December 31, 2013.

There have been no transfers of assets between levels during the years ended December 31, 2013 and 2012.

18. Capital risk management:

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. The Company defines capital that it manages as the aggregate of its shareholders' equity, which comprises issued capital, contributed surplus, accumulated other comprehensive income and retained earnings (deficit). The Company manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue shares, repurchase shares, pay dividends or undertake other activities, as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements.

19. Financial risk management:

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee reviews the Company's risk management policies on an annual basis. The finance department identifies and evaluates financial risks and is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

19. Financial risk management (continued):

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises from the Company's accounts receivable and cash and cash equivalents. The majority of the Company's customers are located in the United States and Canada. At December 31, 2013, three customers represented 27%, 17% and 11% of the gross accounts receivable balance of $2,322, respectively. At December 31, 2012, three customers represented 22%, 13% and 11% of the gross accounts receivable balance of $2,474, respectively. The accounts receivable balances due from these significant customers were aged less than 30 days and classified as current at December 31, 2013. No other individual customers represented more than 10% of accounts receivable. As at December 31, 2013, the allowance for doubtful accounts was $91 (2012 - $49). In establishing the appropriate allowance for doubtful accounts, management makes assumptions with respect to the future collectability of the receivables. Assumptions are based on an individual assessment of a customer's credit quality, as well as subjective factors and trends. As at December 31, 2013, approximately 59% of accounts receivable balances over 90 days were not provided for. Management believes that the allowance is adequate. The Company, from time to time, invests its excess cash in cash equivalents and other short-term investments, with the objective of maintaining safety of the principal and providing adequate liquidity to meet current payment obligations and future planned capital expenditures and with the secondary objective of maximizing the overall yield of the portfolio. The Company's cash as at December 31, 2013 is not subject to external restrictions and is held with Schedule I banks in Canada. Investments must be rated at least investment grade by recognized rating agencies. Given these high credit ratings, the Company does not expect any counterparties to these investments to fail to meet their obligations.

19. Financial risk management (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages its liquidity risk by continually monitoring forecasted and actual revenue and expenditures and cash flows from operations. Management is also actively involved in the review and approval of planned expenditures. The Company's principal cash requirements are for working capital requirements, principal and interest payments on finance leases, capital expenditures and working capital needs. The Company uses its operating cash flows, bank credit facilities and cash balances to maintain liquidity. While there is no certainty the Company's current business plan will be achieved, management believes that the plan is such that feasible cost reduction programs can be implemented if revenue forecasts are lower than projected. On this basis, management considers it appropriate to prepare the Company's consolidated financial statements on a going concern basis.

19. Financial risk management (continued):

The following are the contractual maturities for the financial liabilities:

2013	Carrying amount	Contractual cash flow	On demand	Less than 1 year	1 - 3 years	>3 years
Trade and other payables[i]	$ 2,316	$ 2,316	$ –	$ 2,316	$ –	$ –
Finance leases	186	186	–	122	64	–
	$ 2,502	$ 2,502	$ –	$ 2,438	$ 64	$ –

2012	Carrying amount	Contractual cash flow	On demand	Less than 1 year	1 - 3 years	>3 years
Trade and other payables[i]	$ 2,703	$ 2,703	$ –	$ 2,703	$ –	$ –
Finance leases	341	341	–	155	186	–
	$ 3,044	$ 3,044	$ –	$ 2,858	$ 186	$ –

[i]Trade and other payables exclude sales tax payable and other non-contractual liabilities.

19. Financial risk management (continued):

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and the Company's share price, will affect the Company's income or the value of its financial instruments.

(i) Interest rate risk:

Interest rate risk is insignificant on the Company's cash and cash equivalents due to the short-term maturity of the investments held.

(ii) Currency risk:

The Company operates internationally with the U.S. dollar as its functional currency and is exposed to foreign exchange risk from purchase transactions and payroll, as well as recognized financial assets and liabilities denominated in Canadian dollars. In addition, the Company is exposed to exchange gains or losses on translation from its U.S. dollar functional currency to its Canadian dollar presentation currency. The Company's main objective in managing its foreign exchange risk is to maintain Canadian cash on hand to support Canadian forecasted obligations and cash flows. To achieve this objective, the Company monitors forecasted cash flows in foreign currencies and attempts to mitigate the risk by modifying the nature of cash and cash equivalents held. The Company also utilizes foreign currency derivative instruments to hedge against currency fluctuations from time to time. During the years ended December 31, 2013 and 2012, the Company maintained a portion of its cash resources in both U.S. and Canadian dollar cash and cash equivalents. The Company does not have any foreign currency derivative instruments outstanding as at December 31, 2013. The gain (loss) realized during the year in respect of these instruments was $13 (2012 - nil).

19. Financial risk management (continued):

The Company has performed a sensitivity analysis model for foreign exchange exposure over fiscal 2013. The analysis used a modeling technique that compares the U.S. dollar equivalent of all revenue recognized and expenses incurred in Canadian dollars, at the actual exchange rate, to a hypothetical 10% adverse movement in the foreign currency exchange rates against the U.S. dollar, with all other variables held constant. Foreign currency exchange rates used were based on the market rates in effect during fiscal 2013. The sensitivity analysis indicated that a hypothetical 10% adverse movement in foreign currency exchange rates would result in an increase in net loss for fiscal 2013 of approximately $194. There can be no assurances that the above projected exchange rate decrease will materialize.

If a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately $398 due to the fluctuation and this would be recorded in the consolidated statements of comprehensive income (loss).

Balances held in Canadian dollars are as follows:

	2013	2012
Cash and cash equivalents	$ 2,668	$ 4,757
Accounts receivable	1,295	1,408
Other current assets	149	214
Accounts payable and accrued liabilities	910	1,044
Deferred lease inducement	14	55
Finance lease	186	341
Deferred revenue	284	120

20. Commitments and contingencies:

Non-cancellable operating lease rentals are payable as follows:

	2013	2012
Less than 1 year	$ 359	$ 507
Between 1 and 5 years	1,276	235
More than 5 years	112	–
	$ 1,747	$ 742

The Company leases a number of office facilities under operating leases. The lease terms are between 5 and 10 years, with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in the local price index.

One of the leased properties has been sublet by the Company. The sublease will expire in 2014. Total future sublease payments expected in 2014 are $47 and have been presented net of lease expenses included as part of other operating expenses.

During the year ended December 31, 2013, a net amount of $323 was recognized as an expense in profit or loss in respect of operating leases (2012 - $281).

21. Related party transactions and balances:

Transactions with key management personnel:

The key management personnel of the Company are the members of the Company's executive management team and Board of Directors.

The remuneration of key management personnel of the Company during the years ended December 31, 2013 and 2012 was as follows:

	2013	2012
Short-term employee benefits	$ 650	$ 828
Share-based payments	55	53
	$ 705	$ 881

21. Related party transactions and balances (continued):

Amounts for 2012 include all amounts for key management personnel of the discontinued operation.

22. Consolidated statements of cash flows:

The change in non-cash operating working capital comprises the following:

	2013	2012
Accounts receivable	$ 252	$ (2,319)
Other current assets	105	388
Accounts payable and accrued liabilities	(266)	(1,170)
Deferred revenue	69	52
Income taxes payable	–	(143)
Current portion of loans and borrowings	–	(100)
	$ 160	$ (3,292)

Supplementary disclosure of non-cash investing and financing activities:

	2013	2012
Acquisition of property and equipment through finance leases	$ –	$ (263)
Repayment of promissory note	–	(100)
Property and equipment acquired, not yet paid for	–	(6)